

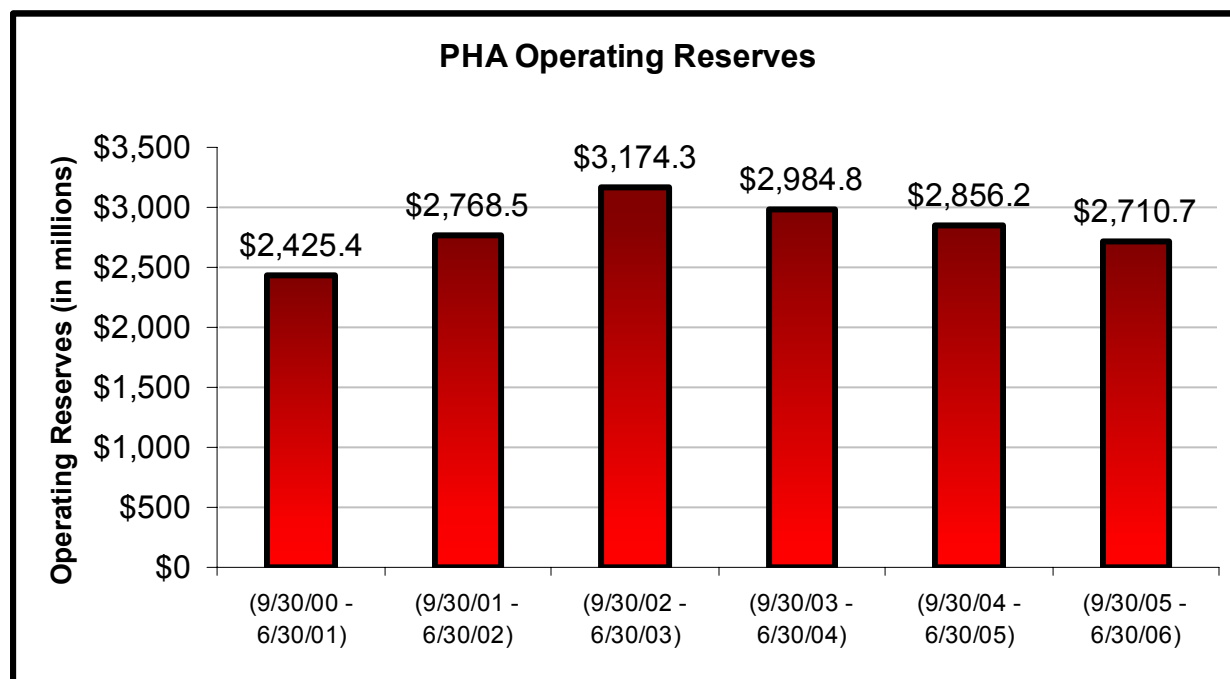
## PHA OPERATING RESERVES

In response to questions from public housing authority (PHA) groups, attached are two charts on PHA reserve levels.

1. **Total PHA Operating Reserves (Public Housing Program) – 2001 to 2006.** This chart compares reserve levels for the public housing program from 2001-2006. In 2001, public housing reserves were \$2.4 billion. They increased to \$3.2 billion in 2003, declining to \$2.7 billion in 2006. There are a total of approximately 1.2 million public housing units, therefore, for 2006, reserves averaged \$ 2,303/unit.
2. **Operating Reserves (Public Housing Program) as a Function of Monthly Operating Expenses, Count of PHAs, 2006.** This chart shows the number of PHAs (and units) with reserves expressed as a function of monthly operating expenses. For example, there are 228 PHAs with reserves equal to three months of operating expenses. Nationally, 2,821 of 3,125 PHAs that administer the public housing program have operating reserves equal to two or more months of operating expenses.

The methodology for calculating the amount of a PHA's operating reserves is explained in the technical notes section.

**Chart 1: Total PHA Operating Reserves (Public Housing Program) – 2001 to 2006**



**Chart 2: Operating Reserves (Public Housing Program) as a Function of Monthly Operating Expenses, Count of PHAs, 2006**

<b>Number of Months</b>	<b># of PHA's</b>	<b># of Units</b>	<b>Total Reserves</b>	<b>Reserves /Unit</b>
<0	96	106,139	\$ (62,399,580)	\$ (588)
0	77	32,600	\$ 9,577,185	\$ 294
1	131	71,542	\$ 50,576,906	\$ 707
2	182	282,706	\$ 497,916,727	\$ 1,761
3	228	109,740	\$ 167,946,142	\$ 1,530
4	240	95,260	\$ 188,103,432	\$ 1,975
5	236	78,138	\$ 189,605,801	\$ 2,427
6	196	52,201	\$ 123,082,475	\$ 2,358
7	190	64,621	\$ 184,148,067	\$ 2,850
8	181	52,143	\$ 198,291,789	\$ 3,803
9	163	39,861	\$ 139,163,354	\$ 3,491
10	145	36,812	\$ 129,078,211	\$ 3,506
11	119	20,994	\$ 86,780,633	\$ 4,134
12	104	29,119	\$ 134,575,035	\$ 4,622
>12	837	105,133	\$ 674,287,605	\$ 6,414
<b>TOTAL</b>	<b>3,125</b>	<b>1,177,008</b>	<b>\$ 2,710,733,782</b>	<b>\$ 2,303</b>

**Note:** New York City Housing Authority (NYCHA) has \$344 million in reserves and is included with PHAs with 2 months of reserves.

## Technical Notes

1. Operating reserves are calculated using the following methodology.<sup>1</sup> Amounts are taken from CFDA 14.850a (Low Rent Public Housing) of the Financial Data Schedule (FDS) submitted annually to REAC.

#	FDS#	Description
1	111	Cash – Unrestricted
2	114	Cash - Tenant Security Deposits
3	120	Total Receivables
4	131	Investments - Unrestricted
5	142	Prepaid expenses and other assets
6	144	Interprogram - due from
7	145	Assets held for sale
8	146	Amounts to be provided
9		<b>Total (1+2+3+4+5+6+7+8)</b>
10	310	Total Current Liabilities
11	343	Current Portion of Long Term Debt – Capital Projects
12		<b>Total (10-11)</b>
13		<b>Total Operating Reserves (9-12)</b>

2. Operating expenses are calculated using the following calculation. Amounts are taken from CFDA 14.850a (Low Rent Public Housing) of the Financial Data Schedule (FDS) submitted annually to REAC.

#	FDS#	Description
1	911+912+913+914+915+916	Administrative Expenses
2	921+922+923+924	Tenant Expenses
3	931+932+933+934+935+937+938	Utility Expenses
4	941+942+943+945+971	Maintenance Expenses
5	951+952+953+955	Protective Expenses
6	961+962+963+964+965+966+967+968	General Expenses
7	972	Other Expenses
8		<b>Total (1+2+3+4+5+6+7)</b>

3. Months of operating reserves is calculated using the following calculation:

#	Description
1	Total Operating Reserves
2	Total Operating Expenses
3	Months Reserves (1 / 2 x 12 months)

Months reserves derived in #3 is rounded down.

<sup>1</sup> The methodology used here to calculate reserve levels might differ slightly from methodologies previously used by the Department. Specifically, FDS 114, *Cash – Tenant Security Deposits* and FDS 343, *Current Portion of Long Term Debt – Capital Projects* were not considered in the calculation historically and now have been added to the calculation. The liability associated with tenant security deposits (the deposits placed in savings are normally recorded as both assets (restricted cash) and liabilities) have always been reported in FDS 310 *Total Current Liabilities*. Under this modified calculation, the cash account has been added to offset the liability. Additionally, debt associated with the low rent program is normally part of the Capital Fund Financing Program (CFFP). GAAP accounting requires the reporting of a liability of this debt; however, PHAs under GAAP are not allowed to show on their balance sheet either the cash or the accounts receivable from the Capital Fund for this payment. Therefore, the liability is now excluded from the reserves calculation.